

Oahu Real Property Tax Advisory Commission

Committee on Rates and Classifications

Summary: The Committee on Rates and Classifications met on August 23, 2019 at 11:30 a.m. at Livestock Tavern. People in attendance included: Commission Chair Ray Kamikawa, Committee Chair Joy Kimura, Commissioner Amy Hirano and Budget and Fiscal Services Administrator Steven Takara.

The Committee discussed and agreed on raising the issue of taxing short term vacation rentals at the Hotel Property Tax rate. Currently, legal short-term rental units are required to pay a State Transient Accommodations Tax, as well as the General Excise Tax, but are only taxed by the City and County at the Residential Property Tax rate. It was discussed whether short term vacation rentals should pay the Hotel and Resort Property Tax rate for the following reasons:

- The rental is producing income.
- Rentals are providing services in line with what a hotel would provide.
- Rentals are fulfilling a need in the travel market similar to a hotel.
- Legal vacation rentals pay a Transient-Accommodations Tax (TAT) and the General Excise Tax, both of which are State taxes. However, there currently is no tax collected by the City and County other than Residential Property Taxes.

It was discussed and agreed that it did not seem fair, appropriate or justifiable to charge a Residential Property Tax rate on a property that is operating as a hotel/vacation rental.

Respectfully submitted,

Joy Kimura

Committee Chair
Committee on Rates and Classifications

COUNCIL COM. 309

RPTAC